

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: April 3, 1995

SUBJECT: **SB 1290 - HB 712**

This bill, if enacted, will provide that a hospital licensed under Title 68, Chapter 11, may employ physicians or surgeons licensed under this part. However, in the event a physician or surgeon enters into such an employment arrangement, the hospital or other employing entity shall be prohibited from controlling, limiting, or otherwise delegating to another person, any or all patient treatment decisions, including any and all patient testing and referral decisions, which fall within the medical judgment of the physician employee. Physicians are prohibited from executing employment agreements that contain noncompetition clauses restricting their ability to practice medicine in specific geographic areas or for determinate lengths of time. Compensation to physicians and assignment of fees to hospitals shall not be deemed an unlawful division of fees. A physician whose contract is terminated because the physician failed to follow the hospital's non-professional, non-medical instructions regarding patient treatment has a cause of action in court and may seek recovery. Such action may subject the hospital to revocation of licensure and penalties. Employers are not to violate confidentiality in medical

records. Peer and quality assurance review shall not be delegated to anyone that is not a licensed physician. It is assumed that this provision will not apply to the quality assurance reviews performed for managed care organizations in the TennCare program. Physicians are not utilized in most cases by managed care organizations in their quality review process for TennCare. If this provision were applied to the TennCare program there would be increased cost to the program.

The fiscal impact from enactment of this bill is estimated to be an increase in state expenditures to administer provisions of the bill; however, such increase is estimated to be not significant.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director